

Sullivan County NH

Type of meeting: Board of Commissioners Public Meeting Minutes
Regular Meeting & FY 07 Auditor Exit Interview
Date/Time: Tuesday, December 18, 2007; 3 PM
Place: Unity County Complex, Sullivan County Health Care
Facility, 1st Floor, Activities Room

Attendees: Commissioners Ethel Jarvis – *Chair*, Bennie Nelson – *Vice Chair* (arrived later) and Jeffrey Barrette – *Clerk*; Greg Chanis – *Interim County Manager*; Peter Lovely – *Deputy County Treasurer*; Cynthia Sweeney – *County Treasurer*; Frank Biron – *President of Melanson Heath & Co. (MH & Co.)*; Sheryl Stephens-Burke – *MH & Co.*; Jeff Graham of *Graham & Graham CPA*; Ted Purdy – *S.C.H.C. Administrator*; Becky Trudelle – *S.C.H.C. Director of Nursing* (arrived later); Sheriff Michael Prozzo (arrived later) and Sharon Johnson-Callum (Minute taker)

Other attendees: Kurt Beek – *Claremont City Planning and Development Office*; Steve Cunningham – *Public Health Network Coordinator*; Representatives Beverly Rodeschin, Peter Franklin, Suzanne Gottling and Larry Converse; Peter Martin – (filming event for a non public group out of Croydon)

3:00 The Chair opened the meeting. Ted Purdy, SCHC Administrator led all in the *Pledge of Allegiance*.

Agenda Item No.1 CDBG Grant Administrator

The minute taker noted the ad for the Wainshall CDBG Administrator position was placed with RFP deadline of 12/14/07. As of the deadline, one RFP was received from William "Neil" Cannon. It was noted that Kurt Beek, City of Claremont [Planning & Development Office], was present to answer questions regarding the project. Commissioner Jarvis read through the ad as follows:

"Sullivan County requests written proposals from qualified firms or individuals interested in providing grant administration services to manage a \$500,000 Community Development Block Grant (CDBG) project. The total project cost is approximately \$16,800,000. Of the CDBG funds, \$488,000 will be sub-granted to Capital Regional Development Council (CRDC). CRDC will loan \$480,000 to a New Markets Tax Credit Investment Fund, which will invest these funds, as well as other funds, in a certified Community Development Entity that will make a loan to the developers of the Wainshal Mill in Claremont, New Hampshire. As a result of the project a major tenant has committed to create 38 positions, of which at least 70% will be filled by persons of low and moderate income.

Grant Administration responsibilities, will include, but not limited to:

- ☐ *Environmental Review.*
- ☐ *Contracts preparation.*
- ☐ *Record keeping, financial management, meetings and reporting.*

Maximum administration budget available for grant administration is \$10,000.

This project is funded through a Community Development Block Grant from the Community Development Finance Authority under the provisions, and subject to the requirements, of Title I of the Housing and Community Development act of 1974, as amended.

This is an equal opportunity/affirmative action agency. All qualified proposals will receive consideration without regard to race, color, religion, creed, age, sex, or national origin.

Previous CDBG administration experience required.

Please submit proposals, outlining related experience and fee no later than Friday, December 14, 2007, 4 PM, to:

*Sullivan County Commissioners
ATTN: Ed Gil de Rubio, County Manager
14 Main Street
Newport, New Hampshire 03773
(603) 863-2560 "*

Mr. Beek confirmed Mr. Cannon assisted the City with their project, in the capacity he was employed previously in. Mr. Beek confirmed he is familiar with Mr. Cannon's credentials and comfortable with Mr. Cannon taking on the project.

3:08 Commissioner Barrette moved to accept the proposal from Mr. Cannon to be appointed for the [Wainshall project] CDBG Administrator. Commissioner Jarvis seconded the motion. A voice vote was made. The motion carried, unanimously.

Agenda Item No. 2 DOC Superintendent Report

Agenda Item 2.a. NHAC Executive Committee Update

Superintendent Cunningham distributed notes from the meeting to the Board members. Commissioner Barrette noted he has a meeting scheduled with George Maglaras on January 15th to discuss NHAC Conference hosting responsibilities.

Agenda Item 2.b. Review of Position Listing

Superintendent Cunningham indicated they have 31 DOC positions. They have two Correctional Officer vacancies – 1 internal promotion and 1 external. No new positions were created.

Agenda Item 2.c. Inmate / Staff issue - Probable Executive Session

Superintendent Cunningham noted he had a personnel and inmate issue to discuss in Executive Session. The Board tabled the issue to the end of the meeting.

Agenda Item No. 3 Sullivan County Health Care Report

Census

Ted Purdy, SCHC Administrator, pointed out that the report package was in the Board members binders. He reviewed the:

- ❑ 10/1/07 – 10/31/07 *Summary Admission / Discharge* List: 17 admissions and 22 discharges.
- ❑ 11/01 – 11/31/07 *Summary Admission / Discharge* List: 16 admissions and 17 discharges
- ❑ And the newly formatted reports reflecting individual months from July through November 2007 Census, Revenue and Average Rate Per Day. Within the report, it was broken down by actual, average daily census, budgeted and the variance, and separated further by major payer sources: Medicare, Private, Medicaid and HCBC (Respite). He noted Private census fluctuates.

3:14 Commissioner Nelson arrived.

Mr. Purdy noted the current census was 131 in house, of which 15 were Medicare; they expect 1 skilled care admission tomorrow; they have four pending admissions – likely to be long term care at this point. Mr. Purdy noted the new report format allows for clarification of revenues and is more comprehensive.

Staffing

Mr. Purdy noted they recently hired an LPN Per Diem on the 3-11 shift and RN day and evening Per Diem to begin as of January. Doing this should decrease agency 100 hours per week if the new employees work out. Agency use in November: 85 hrs per day. Agency first couple weeks in December showed average decreases to 73 hours. Commissioner Jarvis requested Mr. Purdy to check the actual budget cost, as they will be meeting with EFC for transfer of funds from agency to nursing department. Mr. Purdy confirmed there was a net positive variance in the nursing line, Year To Date through November is a net positive variance in Department 540, \$387,000 negative in the nursing On Call. Mr. Purdy confirmed the External Care Coordinator position was still open, they have a capable RN and LPN handling the duties in the interim. They've yet to decide whether to make this person permanent, but they have a presence and a quick turn around in referrals.

Rep. Franklin requested copies of the same reports the Board members were viewing. Ms. Trudelle left the meeting and returned to provide copies.

3:24 Sheriff Michael Prozzo entered room.

Agenda Item No. 3 Exit Interview of the for the FY07 Audit

Mr. Biron and Ms. Stephens-Burke introduced themselves, indicating they were present to review the County's FY 07 audit Management Report and Financials. They noted the report is still in draft form as they have language to add and were waiting for a piece of information. Once finished, bound copies will be sent to the Commissioners Office.

Ms. Stephens-Burke reviewed the following:

- Page 3-8 Management Discussion and Analysis: over view of financial statements
- Page 9 Statement of Net Assets: government wide presentation, full accrual basis, long-term
- Page 10 Statement of Activities
- Page 11 Governmental Funds: General includes Fund 10, 30, 50; Registry Fund 22; Non Governmental includes Grants 24 and Capital Expenditures 42. \$3,387,690 owed from nursing home – long-term expectations. Number derived from cash, borrowing the bank money 2.462 million, General Fund loaned this to the nursing home to pay the bills.
- Page 12 Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities in the Statement of Net Assets: Reconciliation of fund balance to non-asset figures
- Page 13 Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances: The income statement – \$56,000 net loss.
- Page 14 Reconciliation page – change of fund balance (page 13) to change in net assets (page 10).
- Page 15 All Budgeted Funds: Statement of Revenues and Other Sources, and Expenditures and Other Uses - budget to actual, large portion of shortfall due to nursing home; 2nd line up under expenditures, you overspent budget by that amount
- Page 16 Proprietary Fund: Statement of New Assets -balance sheet for nursing home, equity for nursing home, 2.7 million negative. You do have equity in the facility, so overall asset is 1.7 million positive
- Page 17 Proprietary Fund: Statement of Revenues, Expenses and Changes in Fund Net Assets - income statement for nursing home for 2007, \$2,117,478 net loss for year. Mr. Biron pointed out this is the big deficit. Number that appear, Transfer Out, is one of the Management Letter comments. Monies were transferred from nursing home to others to balance; previous years it was general fund to nursing home to subsidize the costs there; in 2007 that went away; but it was part of the problem that created a deficit in the end.
- Page 18 Statement of Cash Flows - under GAAP, reconciliation of net income to change of cash from beginning to end of year.

Management Letter

Mr. Biron noted the purpose of the Management Letter is to provide and document recommendations for internal controls and efficiencies. He pointed out "Material Weakness" are the most important, with "Significant deficiencies", least important. He noted the Management Letter contains both current year recommendations and follow up on prior years. He reviewed the following:

Current Year Recommendations

- 1) **Monitor Results of Operations and Establish Fiscal Recovery Plan (material weakness).** Mr. Biron recommends the Board give close attention to nursing home operations, which they understand has occurred recently, resulting in changes in last few months; losses will need to be dealt with and future operations.
- 2) **Clarify Nursing Home Budget (material weakness):** Because there are shared expenses from Fund 30 and capital expenditures from Fund 42, with the nursing home, in the budget analysis, they found it difficult identifying the shared expenses; must clarify all budgeted sources and appropriations.
- 3) **Close Funds 30 and 42 (material weakness).** They recommend eliminating Funds 30 & 42 in FY09 as the use of them has only complicated matters; this will improve tracking of Medicare Cost Reports.
- 4) **Monitor Special Revenues Grant funds (material weakness).** Includes both capital and grants. Grant deficits reflected on page 25 of the Financials. Determine if there is money that covers the deficit and if they are multiple grants. The system wants to close the grants too, when this happens the identity is lost, it requires entry to allocate to specific grants at end of year.
- 5) **Consider Implementing Internal Control Improvements (material weakness).** With SAS 112, a new requirement effective with 2007 audits, the threshold has been lowered, so that auditors must report more issues "significant deficiencies" and "material weakness", depending on extent of risk of financial statement misstatement.
 - a. Document Components of Internal Control – Mr. Biron noted this is a long-term goal to deal with. Using format of COSO. We can offer recommendations, software, to help you when you are ready.
 - b. Corrective Action to be considered – formal internal audit. For example, personnel from other offices go to the nursing home, looking at receipts of the nursing home, prisoner accounts, Registry of Deeds. The auditors were performing this duty, but SAS112 requires it to be internal; and, to include a review of policies and procedures in different departments.

- c. Establish Internal Audit Function – An important control measure to make sure procedures are performed correctly.
 - d. Corrective Action to be considered – Establish an internal audit function to properly monitor operations and assesses risk of misstatement of the financial statement caused by either error or irregularities.
- 6) **Improve Controls Over Resident Trust Fund** – this was a prior year issue - resolved.
 - 7) **Improve Supporting Documentation for Disbursements** – this was a prior year issue that requires further action – need improvement in bid/quotes process; must include invoices and receipts; or include data the bid process was waived.
 - 8) **Improve Budgeting (material weakness)** – this was a prior year issue; difficulties were created by how the budget was created and seemed worse in 2007. They recommend using an overall budget comprised of individual fund budgets that are balanced.
 - 9) **Properly Record Self-Insurance Fund Expenditure** – This was a prior year issue - resolved.
 - 10) **Improve Control Over Various Cash Accounts** – This was a prior year issue - resolved.
 - 11) **Improve Year End Processing Procedures** – This was a prior year issue - resolved in the FY 08 year-end, it led to some misunderstanding.
 - 12) **Record Budget Transfer (Material weakness):** This was a prior year issue and they still need to deal with it. Balance the budget with each fund; if it requires one fund to subsidize the other fund, it needs to be clear that is what is anticipated.
 - 13) **Improve Year End Reporting at the Nursing Home** – This was a prior year issue - resolved.

Mr. Biron confirmed the County records were in good shape when they arrived to begin audit, books were closed and ready; results of the deficit were not good; the County has a very good accounting staff to keep various accounts balanced and reconciled; most recommendations are made to working with budgets and the deficit; the corrective measures required do not pertain to the County not reconciling the accounts.

Commissioner Jarvis opened the floor to Q & A.

Commissioner Nelson questioned why the auditors now want them to eliminate Fund 30 and 42, when they have been using these accounts for several years. Mr. Biron pointed out during budget process there was no clear indication of budget transfers and follow through, which is why they are now recommending to simplify the process and eliminate the funds.

Commissioner Barrette indicated Fund 50 really hurt the County; they had the commitment to pay with no cash to back it up. Mr. Biron concurred it is what

caused the surprise, that it was a prior year recommendation, clearly identifying accounts payable and encumbrances wasn't done at beginning of year, but done at the end of the year. The large amount is in capital projects - if you have capital projects they should be part of the budget and should have a designated revenue line(s) to match. County should pull together all funds in one document in the form of a balance sheet. Ms. Stephens-Burke pointed out this would be similar to the auditors format in the financial statements, that the County could e-mail their report from the BudgetSense software, the auditors would download it into their own software, reformat it and e-mail it back. The software is the same they use during their audit. Commissioner Barrette questioned how, at the end of 2006 they brought forward a significant pool of cash and encumbrances, these factors in. Ms. Stephens-Burke noted the County's software did not recognize, in 2006, that the auditors eliminated 1.4 million in 2007, only \$50,000 were legitimate encumbrances; if you had done a monthly report, you would have seen those being paid out. The system thought they were being charged to 2006, instead it was charged to 2007.

Mr. Chanis noted grants in Fund 24 expend and receive revenues later, and asked if it was not unusual to see a deficit at the end of the year, when money would be received later? Ms. Stephens-Burke confirm it was not unusual, however, she indicated some of the grants have been carrying deficits for more than one year and should be more closely monitored, to make sure they have revenue offsets.

Representative Gottling asked if only a small amount of what was carried over as encumbrances was legitimate, then, what were they? Ms. Stephens-Burke noted of the 1.2 million noted as encumbrances in 2006, a portion of encumbrances were account payables - as goods were received after 2006 and considered expenditures for 2006, another group were considered payable and removed during the 2006 audit. Representative Gottling asked for clarification "Does that mean we did or did not pay out in 2007?". Ms. Stephens-Burke confirmed that the County did pay; some were completed in 2006; the problem was a result of the software not recognizing when they were paid. Mr. Biron noted the encumbrances closed out in the audit should have been closed on the books, and when bills arrived, they should have gone against the 2006 budget - against the Fund 10 - which would have recognized that expenses needed to be cut.

Representative Gottling questioned why Fund 50 did not appear on their reports? Mr. Biron did not answer the question, but indicated it would have made sense to do one report that would have reflected all funds.

Representative Franklin said he was confused, as the talk for past few minutes would lead him to believe the issue was the encumbrances. Mr. Biron noted it was the surprise, but not the main problem.

Representative Franklin pointed out that FY06 \$500,000 borrowing was not mentioned, which was carried forward into FY07 as a liability; there was little talk about the 2 ½ million borrowed in spring of 07, which was unable to be repaid, although monthly reports provided to them showed a surplus - it doesn't make sense the County had to borrow to go under. In your report, there were expenditures for un-appropriated items. Do you have the figure of how much money was spend in un-appropriate expenditures? Mr. Biron, we brought in 1.2 million expenditures from Fund 50 to Fund 10, the county believed there was prior year carry forward to support that but there wasn't; so we brought the expenses over but not the budget, and added to all expenses, in FY07. FY07 did not have enough to cover the FY07 expenses plus Fund 50 1.2 million was brought in to Fund 10. Rep. Franklin pointed out there was a 2.2 million deficit, where did the other million come from? Mr. Biron indicated it came from nursing home revenue side – 1.1 million. Rep. Franklin noted expenditures was 1.7 million over. Mr. Biron pointed out there was under spending in other departments to offset the overspending of the nursing home lines, which Ms. Stephens-Burke confirmed as a 1.1 nursing home shortfall. Mr. Biron pointed out this was all summarized on page 15. Mr. Biron confirmed the nursing home budget to actual was 1.2 million deficit, with the majority from Fund 50. Franklin again noted there was no indication in monthly reports we were overspending, and if the reports showed that it would not have been a surprise.

Rep. Franklin asked what improvements were made in the accounting bookkeeping they referred to? Ms. Stephens-Burke noted this was specifically in 2006 with encumbrances, when we had to adjust them from 1.2 down to 50,000, that did not happen in FY07, we reviewed the encumbrances in detailed and made the adjustment so what they rolled over was correct – cutoff issues.

Rep. Franklin pointed out they continue to received the same monthly reports and asked for assurance the new reports are not misleading. Mr. Biron feels the consolidated report they spoke of would be a smart idea. Ms. Stephens-Burke pointed out the reports he was looking at are just budget to actual, 2008 expenditures and revenues; you are not seeing the balance sheet for cash, receivables, payables, fund balance, and "To Do" and "To From". He noted they ask for them but don't get them, but receive reports with adjustments and are misleading. Commissioner Barrette noted the auditors made it clear with their help they could consolidate the reports and supplement the monthly reports. He noted he's asked for agency nursing reports, but has not received them. Mr. Biron confirmed their firm can return a consolidated report within days from receipt.

Mr. Biron requested a follow up on the over expenditure question – he referred them to Page 15 of financials, 2nd number up from bottom, right hand column, illustrates overall expenditures exceeding appropriations of 1.7 million. He asked them to subtract 1.2 million brought from Fund 50, \$307,000 line transfer out – moving money within one fund to another – which is offset by \$472,000 transfers

I, subtract \$300,000; of the \$200,000 left the line above that is grants of \$113,000, and can identify with working papers the remaining \$88,000.

Rep. Franklin pointed out there are different kinds of grants. He noted some were grants made to 501.c. non-profit organizations; the biggest part of the deficit are those grants; they have nothing to do with the county, they are passed through the county, they are on our budget, they end up as a deficit. Mr. Biron pointed out there was a positive on the revenue on the same line, of \$168,000 to offset the shortfall on the bottom part of page. He noted the appropriation part is part of the appropriation deficit, but the revenue is part of the revenue surplus. Rep. Franklin asked if the County was owed by the grant agency? Mr. Biron noted it was not a lot. Rep. Franklin noted it was \$154,000 and asked if it was recoverable? Mr. Biron noted that was why they placed the comment in the Management letter, to investigate. Mr. Chanis pointed out Fund 24 Grants has a surplus of \$46,000. Ms. Stephens-Burke confirmed yes, but the Special Revenue Grants fund included Fund 42. Mr. Chanis pointed out pages show only deficit, not surplus. Mr. Chanis did not want the impression there is a deficit representing a grant we have not collected on, when there is an offsetting revenue. Sheriff Prozzo wants to make sure public understands, such as with the Highway Safety, JAG, Drug Task Force, a statement was made the grant closed out and money came in so will show a surplus this year, grants run on different fiscal years than the County and where will it show that it will recoup that? Mr. Biron noted it will be applied against the specific accounts and zero out. Sheriff, so people will see a surplus in this year's fund.

Representative Rodeschin noted the Executive Finance Committee meets quarterly and asked how they could improve the meetings in order to find out where they are at - finding out if we have a deficit or surplus. Commissioner Jarvis wants to arrange a meeting with the EFC. She indicated that was what they were talking about - to get more information. She indicated they did not have the information either, and knew nothing about Fund 50. Commissioner Nelson noted the auditors have indicated they could help with that.

Rep. Gottling asked if they budgeted in error, overestimating revenues, even though we make appropriations for the year, no one can assume there is money to pay for appropriations as they based on what we thought was going to be a census; they need interim statements to tell them what the County is lacking, so that we don't exceed expenses and view the revenue relationship to what we want. She questioned if that was what his report would show? Mr. Biron concurred, noting they did not have a buffer built in, he they would need to do the analysis and spread the annual budget by month. Rep. Gottling pointed out census is not where it should be. Mr. Biron indicated, if they knew this, they need to mitigate this on the expense side.

Representative Franklin indicated it was clear to him Genesis was overpaid in the Administrator and Contract lines; and asked if the County could recover this? Mr.

Biron noted this was a legal question he could not answer. Commissioner Jarvis noted they could take them to court. Mr. Biron noted payments should have been by the contract, it's a legal document, and the budget; he referred him to seek a legal opinion on.

Commissioner Nelson noted Mr. Biron has the letter about their plan and asked where they need to go from here. Mr. Biron understands the plan is to raise the shortfall that occurred in 2007, in the 2009 budget; however, there is going to be a cash flow issue in 2008, I understand the bank loan you are paying off this week with revenues coming, but you will be in a cash shortfall in spring. Part of the audit requires us to evaluate whether you will have enough cash to pay bills to June 2008; we need assurance from County, coming from bank, that they will provide line of credit to, so you have the money to pay bills through June 30, 2007 to be repaid from FY09 budget – that is last piece we need. You have a balanced budget for this year, as your tax rate was set already; whether the revenues come in to support that balance budget, is another issue. Rep. Franklin is concerned about having a deficit in 08. Commissioner Barrette indicated to Mr. Franklin he was unsure where they will be at end of '08, but with prudent measures they've taken, his hope is the revenues will come into line and that we cut enough in expenses and won't have a deficit to move forward; we need to have conversations in April to decide what to do with the deficit. His expectation is to clean in up in the FY 09 budget. Commissioner Jarvis her feeling is to begin in January, not in April. Commissioner Barrette pointed out it's hard to make predictions in January for the end of the fiscal year.

4:40 Ms. Stephens-Burke left the meeting.

Commissioner Nelson noted treating it this way would feather it out to the tax paper, rather than doing a supplemental.

Agenda Item No. 5 Peter Lovely, Finance

Commissioner Nelson indicated he invited Mr. Lovely to help the County and to involve Mr. Lovely with staff to generate these types of reports. Mr. Lovely concurred. He noted he and Mr. Chanis met, the County should have internal auditors, not only with this issue, but should be independent of the County and report directly to the Commissioners and Delegates. He noted, in order for a municipality to borrow, the Treasurer must appear before the Commissioners and then the EFC to present their case. The case must come together between Board and EFC to make sure the County has a plan to deal with the 2.2 million in '07 and '08 anticipated deficit. A joint meeting must occur quickly between management, Commission and Delegation, to develop a program and then go to banks to work out this situation. Mr. Lovely recommended they meet with the County Attorney to make it a binding agreement for County to repay.

County Treasurer, Cynthia Sweeney, indicated, based on her calculations; the County has enough to carry through six weeks. Ms. Sweeney noted, based on her projections, they'd need to borrow 8.5 million to get the County through June 2008. Representative Franklin asked how she calculated 8.5 million? She indicated calculations included: \$350,000 - required for payroll every 2 weeks, \$300,000 to send to state, for 26 weeks. Representative Franklin pointed out her calculations only took into consideration expenses and excluded revenues.

Ms. Sweeney noted she had two other issues she objected to: 1) a bonus paid to an employee and 2) a parking ticket incurred by one of the Assistant County Attorneys that was paid by the County. She pointed out the County does not have the money for these types of expenses. Mr. Lovely noted this was a discussion to have at a joint meeting. Commissioner Jarvis recommended Ms. Sweeney bring her ideas to that meeting.

Commissioner Jarvis requested the Board set a date for the combined meeting.

Ms. Sweeney requested the Board to sign the warrant she brought to the meeting earlier, as the unpaid invoice would cost \$1,000 per day.

Commissioner Nelson thanked Mr. Lovely for attending and helping them in the future.

Agenda Item No. 6 Probable Executive Session for a Litigation Issue

The Board decided to table this to later in the meeting.

Agenda Item No. 7. Facilities & Operations Director / Interim County Manager Report

Mr. Chanis indicated he had spent last week getting to know operations in Newport and attended a number of meetings, with a majority relating to ongoing grant projects: the Greater Sullivan County All Health Hazard Region Committee (GSCAHHRC), Community Mobility Project (CMP), Strategic Prevention Framework (SPF) and the Juvenile Justice Planning Grant Committee (JJPGC). He noted the CMP is not a grant, but a committee the County sits on with other community partners.

Side note – Andrew Fennelly, Claremont Housing Authority

Commissioner Barrette noted he had had a brief discussion on assisted living with Mr. Fennelly, Director of the Claremont Housing Authority (CHA), who is working on a project similar to the County's and wants to make sure they were not overlapping on. Mr. Fennelly noted he was involved in a non-profit, called: "Community Based Services of Claremont" - a 501.c.3 corporation, not part of the CHA, but started by it. They are working on various projects, but their latest one

is a 60 unit assisted living facility to be built next to the Claremont Senior Center. He explained there are very few facilities of this type that take Medicaid and they plan to cover that area. He discussed his professional background and other projects he worked on. This assisted care project will be 95% financed through HUD. He pointed out he'd like to use the demographics provided in the feasibility study HCMA (Health Care Management Associates – Michael Pulling) for the County, but to request that the numbers be updated. He noted the land for the project is pretty much under their control and they are using a bank in NY that deals with non-profits. Commissioner Jarvis pointed out the information they attained through HCMA was paid by the taxpayer and would run it by the Delegation for approval, as well as Mr. Pulling. Commissioner Nelson and Barrette indicated they had no problem with Mr. Fennelly contacting Mr. Pulling. Mr. Fennelly indicated Community Based Services of Claremont mission is to provide quality care, safe surroundings, at a reasonable cost in the Greater Claremont area.

5:02 Commissioner Barrette moved to authorize Mr. Fennelly, on behalf of his 501.c.3, to approach Mike Pulling of HCMA to get a updated report; and have the Interim County Manager give him a buzz to let him know the call would be coming. Commissioner Nelson seconded the motion. Discussion – a concern was expressed that Mr. Pulling might charge the County to provide these updated figures. Mr. Chanis will speak to Mr. Pulling regarding this issue, but feels Mr. Fennelly understands the request would require a fee from Mr. Fennelly's non profit organization. A voice vote was made. The motion carried, unanimously.

Agenda Item No. 8 Commissioners Report

Agenda Item No. 8.a. FY 07 Audit Representation Letter

Mr. Biron confirmed this letter is a standard requirement when performing audits; it defines the responsibility of the County on the financials statement and basically states the County did not hide anything – they are taking ownership of the financials provided to the auditors. The letter requires the Chair and Clerk to sign. The Board signed the letter and returned it to Ms. Johnson-Callum for handling.

Agenda Item No. 8.b. RFP's for FY08,FY09 and FY10 Audit, Open Sealed Bids

Ms. Johnson-Callum noted the deadline for RFP's to perform the FY08, '09 and '10 audit was 12-7-07 4 p.m. and that two envelopes marked "Sealed Bid" were received prior to the deadline. She handed the sealed bids to the Commissioner Chair for opening.

1. Envelope from Tyler Simms – Enclosed was a letter declining to submit a proposal due to their lack of experience.
2. Envelope from Melanson Health & Company – Enclosed was a proposal for the following:

Fiscal Year	Audit	Compilation of Medicare and Medicaid Cost Reports	Total
2008	\$37,500	\$22,000	\$59,500
2009	\$38,500	\$23,000	\$61,500
2010	\$39,500	\$24,000	\$63,500
Total	\$115,500	\$69,000	\$184,500

Ms. Johnson Callum noted RFP's were sent out 11-7-07 to thirteen firms. Commissioner Barrette asked Mr. Graham, if he felt they would receive the same results if they ran the RFP again. Mr. Graham indicated, in his experience, firms that perform government audits have diminished and this is a large job. Ms. Johnson-Callum confirmed rejections were received and included:

- o Vachon.Clukay & Co. – they do not do Medicare Cost Reporting,
- o Berry.Dunn.McNeil & Parker – declined for no reason and
- o Baker.Newman & Noyes LLC no longer performs audits.

5:13 Commissioner Barrette moved to accept the proposal from Melanson Heath & Co. for the audit duties brought forth for FY 08, 09 and 10, as well as the compilation of Medicare and Medicaid Cost Reports, for a total amount of \$184,500. Commissioner Nelson seconded the motion. There was no discussion. A voice vote was taken. The motion carried, unanimously.

Agenda Item No. 8.c. NHAC Executive Committee

Mr. Chanis noted he would accept the appointment to the role. Commissioner Barrette indicated, to Mr. Chanis, this role needs to be second, as County is in a fiduciary role.

5:19 Commissioner Barrette moved to appoint Greg Chanis as the NHAC Executive Committee representative for Sullivan County [replacing Ed Gil de Rubio]. Commissioner Nelson seconded the motion. There was no discussion. A voice vote was taken. The motion carried, unanimously.

Agenda item No. 8.d. NHAC 2008 Conference Host: See e-mail from Betsy Miller

5:22 Commissioner Barrette moved to table the conference discussion until the second meeting in January [January 22nd meeting]. Commissioner Nelson seconded the motion. Discussion: Ms. Johnson-Callum noted a response to Betsy Miller would be

appropriate before that date. Commissioner Barrette indicated he'd call Ms. Miller to brief her on what they were doing. A voice vote was taken. The motion carried, unanimously.

Non Agenda Item – Smoking Policy

Commissioner Barrette asked to address the smoking policy at the Sullivan County Health Care Facility. It was noted, due to a grievance, they have been forced to allow certain members of staff to smoke, based on residents being allowed to smoke, which created the ability to smoke based on tenure; they are finding the policy difficult to enforce and feels the policy should be rewritten to make more sense. Commissioner Jarvis pointed out when they wanted to place the non-smoking ban, it was to include residents; however, Genesis persuaded them this policy restricted nursing home admissions. Mr. Chanis noted the success of the grievance was based on the fact, when those employees were hired, there was a no smoking ban in place, and it came about with an employee policy. A suggestion was broached to change the policy to allow employees to smoke in designated areas. Commissioner Jarvis noted they needed to follow the grievance results. Mr. Chanis indicated they had another option: negotiate with Union the option to eliminate the tenure. Commissioner Nelson concurred with trying this option first. Mr. Chanis confirmed Human Resources has a master list of those that fall under this category, which ranges from 15-20 employees. Superintendent Cunningham pointed out removing this policy would cause considerable impact, as inmate/staff areas are smoke free, their facility has a wooden roof, plus inmates have access to work elsewhere in the County. He encouraged the Board to follow the route suggested and have a good discussion if they decide to take another path. Mr. Chanis noted the Union contract is currently being negotiated and is unsure if this has been brought forth, however, the decision to do so would be with the County Attorney and Mr. Farrand. Commissioner Barrette requested the issue be place on the first meeting in January, until the issue was cleaned up.

Agenda Item No. 9 Public Participation

Rep. Converse inquired about the status of the pending easement for the Judkin's Property. Commissioner Jarvis noted Mr. Flanders had last indicated he would return to the Board with a reworded easement.

Rep. Converse requested clarification on the authorization the Board granted Mr. Fennelly. Commissioner Barrette reviewed earlier meeting discussions.

Mr. Steve Cunningham inquired about the deficit data and the amount the County Treasurer discussed to be borrowed. Commissioner Barrette clarified that the deficit for the current year has no correlation with the borrowing amount the County Treasurer spoke of – the 8.5 million; he also noted the amount the

County Treasurer quoted does not account for incoming revenues, therefore, there is only a "potential" for another deficit. Representative Peter Franklin added, the deficit of 2.2 million last year would be part of this years deficit as it was carried over as a liability and concurred numbers the Treasurer quoted did not make sense.

Representative Franklin noted the Delegates are still not receiving information requested and that it makes no sense to have a future combined meeting if they did not have the information. Commissioner Nelson pointed out Mr. Lovely would be assisting the Board on future reports. Rep. Franklin noted the information he wants is data he requested earlier. Commissioner Jarvis inserted that Ms. Trudelle is helping her on agency nursing data for the Board and Delegates.

Representative Rodeschin indicated she attended today's meeting to hear of a plan from the Board on how they are going to deal with the deficit from last year and this year, but hasn't heard of one yet. She noted taxpayers are concerned and the sooner the Board is presented with a plan the Delegates can get their hands around she would appreciate it.

Commissioner Jarvis asked Sheriff Prozzo if he sent Jason Lemere to the Unity Planning Board to discuss site plans for the 80 acres proposed for a shooting range? Superintendent Cunningham noted he and Mr. Lemere spoke about the situation, that he asked Mr. Lemere what steps had occurred; and Mr. Lemere indicated he would speak to the Unity Planning Board. Sheriff Prozzo confirmed they looked at three areas the County owned, one being recommended by Commissioner Jarvis, but had no plans to appear before the Board until after the first of year.

Agenda Item 2.c. Inmate / Staff issue - Probable Executive Session

5:45 Commissioner Barrette moved to go into Executive Session for an inmate issue [Per RSA 91-A:3.ii. c & e.]. Commissioner Nelson seconded the motion. There was no discussion. Those in Executive Session included: all three Commissioners, Superintendent Cunningham, Interim County Manager Greg Chanis and Sharon Johnson-Callum (minute taker). A roll call vote was taken. The motion carried with all in favor.

5:46 The group took a short recess.

6:00 The group resumed their Executive Session meeting.

6:05 Commissioner Barrette moved to come out of Executive Session [Per RSA 91-A:3.ii. c & e.]. Commissioner Nelson seconded the

motion. There was no further discussion. A voice vote was taken. The motion carried, unanimously.

6:06 Commissioner Barrette moved to go into Executive Session for a personnel issue [Per RSA 91-A:3.ii. a & c.]. Commissioner Nelson seconded the motion. There was no discussion. Those in Executive Session included: all three Commissioners, Superintendent Cunningham, Interim County Manager Greg Chanis and Sharon Johnson-Callum (minute taker). A roll call vote was taken. The motion carried with all in favor.

6:08 Commissioner Barrette moved to come out Executive Session. Commissioner Nelson seconded the motion. There was no discussion. A voice vote was taken. The motion carried, unanimously.

Non Agenda Item – Academy Gradation

Superintendent Cunningham noted there is an upcoming Academy graduation scheduled for Thursday at 11 a.m. in Concord at the Grapone Center.

6:10 Superintendent Cunningham left the room.

6:11 Commissioner Barrette moved to return to Executive Session for a potential pending litigation issue Per RSA 91-A:3.II.e. Commissioner Nelson seconded the motion. There was no discussion. A roll call vote was taken. The motion carried, unanimously.

6:20 Commissioner Barrette moved to come out of executive session. Commissioner Nelson seconded the motion. There was no discussion. A voice vote was taken. The motion carried, unanimously.

6:21 Commissioner Barrette moved to deliver a letter to Mr. Hathaway. Commissioner Nelson seconded the motion. There was no discussion. A voice vote was made. The motion carried, unanimously.

Mr. Chanis reminded the Board they planned to hold another Executive Session to discuss contractual changes in his new role, he wants this to be success, has learned more over the last week as to what the position has entailed and needs to have a discussion, in particular the fiduciary comment with NHAC, with the Board. He pointed out it's not as simple as coming up with an arrangement for him, but that it must be a success for the Facilities & Operations Department. He

will provide recommendations, structure changes in F&O, salary changes, clarification of who will be doing what, and e-mail the Board those items by Thursday. He requested the Executive Session be held prior to the next Commissioner meeting. The group decided to meet Friday, December 28th at 7:30 a.m.

Mr. Chanis noted he met with Mr. Hathaway, who discussed the ramifications of the Delegation vote, which the Board needs to consider. He pointed out Representative Franklin is under the impression any transfer includes inter fund transfers, which, for some departments, will be hard, especially with the Mr. Purdy for the nursing home; for example, if the boiler breaks down and we have to purchase a replacement, if we only have X dollar amount and it's over, we are in violation of the motion. Commissioner Barrette concurred the Board needed to take them to task - the EFC needs to meet every other week. Commissioner Jarvis feels the Delegates should attend all Commissioners meetings. Commissioner Barrette noted their responsibility is to the residents and it would not be hard to explain why a replacement boiler was a necessary expenditure. Commissioner Jarvis requested Mr. Chanis to ask the NHAC for their opinion on the resolution. Commissioner Barrette concurred, noting there may be others in the same boat.

Commissioner Nelson noted it would help if meetings were taped. Ms. Johnson-Callum spoke briefly of three failed attempts to line up volunteers who did not appear.

Agenda Item No. 10. Meeting Minutes

Agenda Item No. 10.b. Nov. 20, 2007 Executive Session

6:42 Commissioner Barrette made a motion to approve and keep sealed permanently the Executive Session minutes from Nov. 20. Commissioner Nelson seconded the motion. There was no discussion. A voice vote was taken. The motion carried, unanimously.

Agenda Item No. 10.a. Nov. 20, 2007 Public

6:44 Commissioner Barrette moved to approve the Nov. 20 public meeting minutes. Commissioner Nelson seconded the motion. There was no discussion. A voice vote was taken. The motion carried, unanimously.

6:45 Commissioner Barrette moved to adjourn the meeting. Commissioner Nelson seconded the motion. There was no discussion. A voice vote was taken. The motion carried, unanimously.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Jeffrey K Barrette", with a long horizontal flourish extending to the right.

Jeffrey Barrette, Clerk
Board of Commissioners

JB/s.j-c.

Date signed: 1/25/08